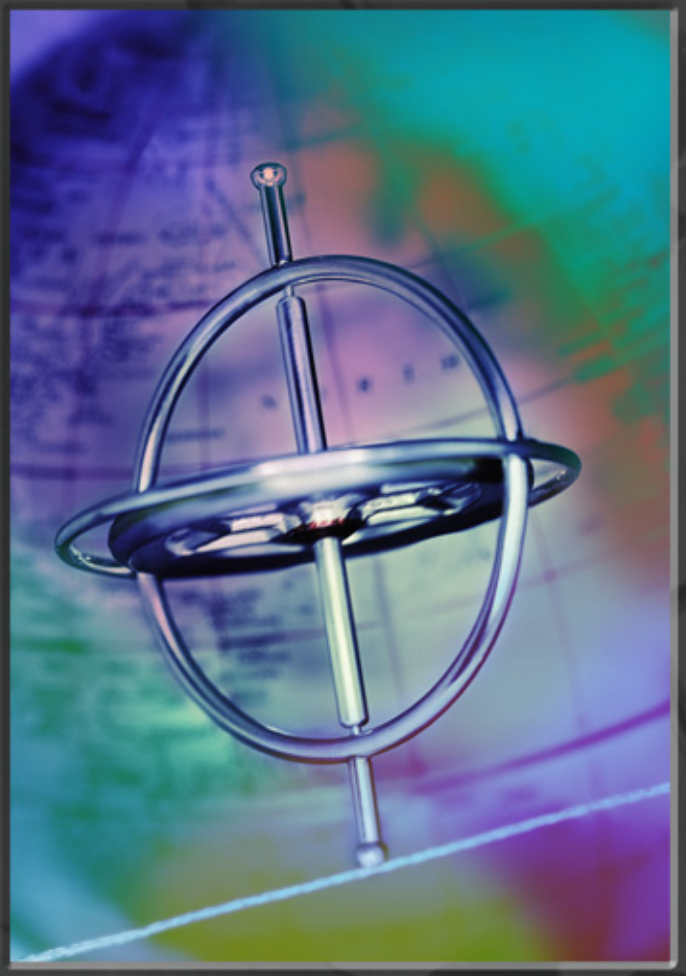


noble energy

AAPG Annual Convention

Houston, Texas

April 10, 2006

Noble Energy

- **Founded as Samedan in 1932 by Lloyd Noble**
- **Became Public in 1972 as Noble Affiliates**
  - **Samedan Oil Corporation**
  - **Noble Drilling Corporation**
- **Spun off Noble Drilling in 1985**
- **Moved Headquarters to Houston in 2000**
- **Changed Name to Noble Energy in 2002**

A Complex Environment for Energy Producers

- **Basin Maturity in U.S. Continues to Drive Strategy**
  - **Industry Consolidation**
  - **Focus on Returns**
  - **International Expansion**
- **Service Costs Increasing**
- **Natural Gas Evolving as a Global Commodity**
- **Growing World Economy**
- **Strong Commodity Prices and Increased Volatility**
- **Concerns Over Resource Constraints Growing Rapidly**

Current Environment For U.S. Independents

- **Learning To Manage in a Maturing Business**
  - **Lower Growth Rates**
  - **Higher Costs**
  - **Reduced Opportunities**
- **Transitioned To Surplus Cash Flow**
  - **High Commodity Prices**
  - **More Investment Discipline**
  - **Considering Alternatives**
- **Acquisition Costs Competitive With F&D Costs**

U.S. Basin Consolidation

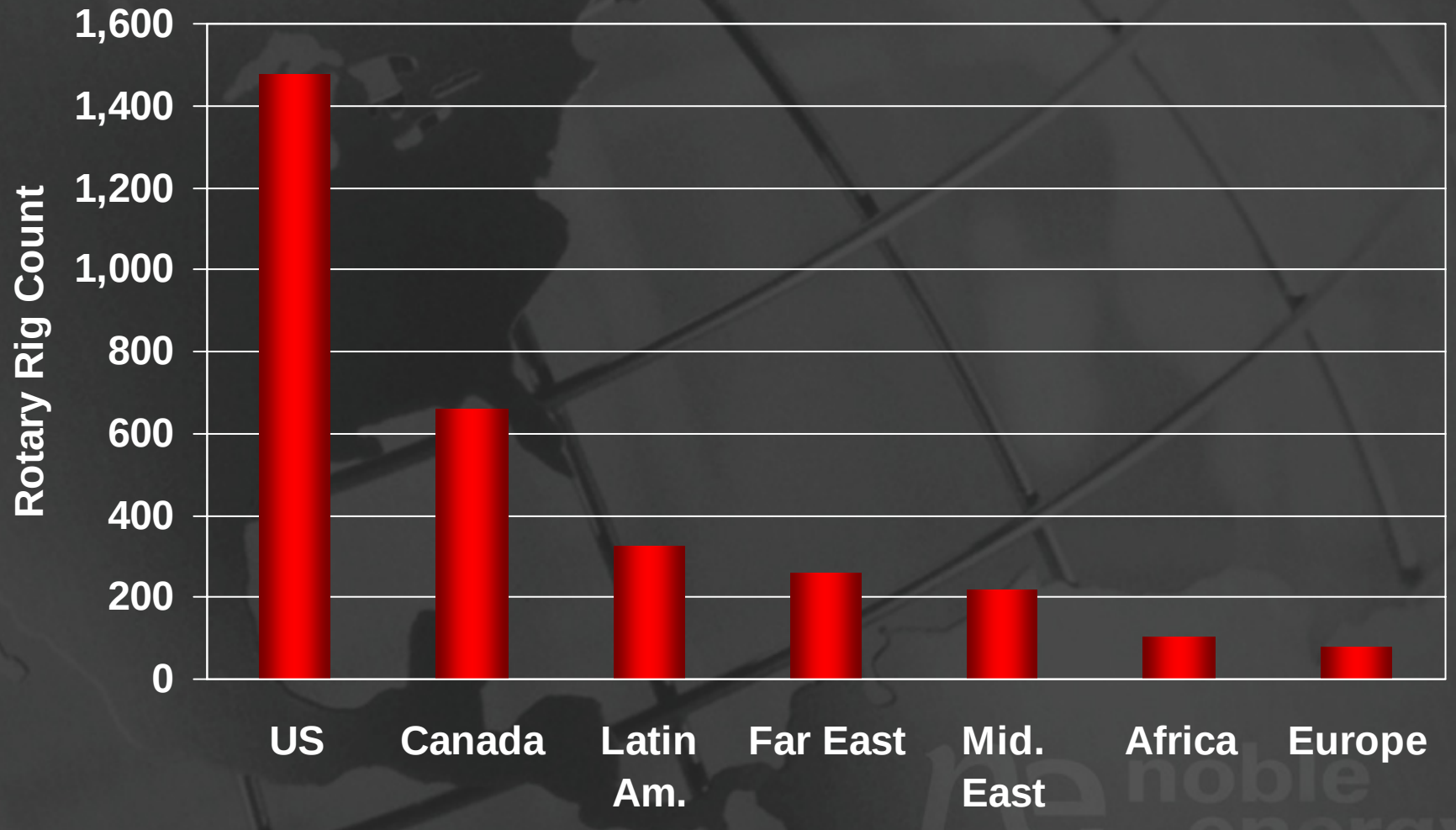
- **Gulf of Mexico**
  - **High Commodity Prices Drive Asset Prices To Extraordinary Levels**
  - **Abandonment Liability Not Insignificant**
  - **Fewer Players As Majors & Large Independents Exit Shelf**
- **Gulf Coast Onshore**
  - **High Asset Prices & High Decline Rates**
  - **Still Providing Exploration Opportunities**
- **West Texas & Mid-Continent**
  - **Longer-lived & Mature Assets**
  - **Both Gas & Oil Opportunities**
  - **Exploitation Potential Remains**
  - **Cost Structure Critical**

U.S. Basin Consolidation

- **Rockies**
  - **Long-lived Gas Assets**
  - **Conventional & Non-conventional**
  - **Sensitive To Commodity Prices & Markets**
  - **Perceived As Highly Desirable in Current Environment**
- **Specialty Basins Continue to Grow**
  - **Shale**
  - **Coal Bed Methane**

U.S. Continues to Lead World-Wide Rig Count

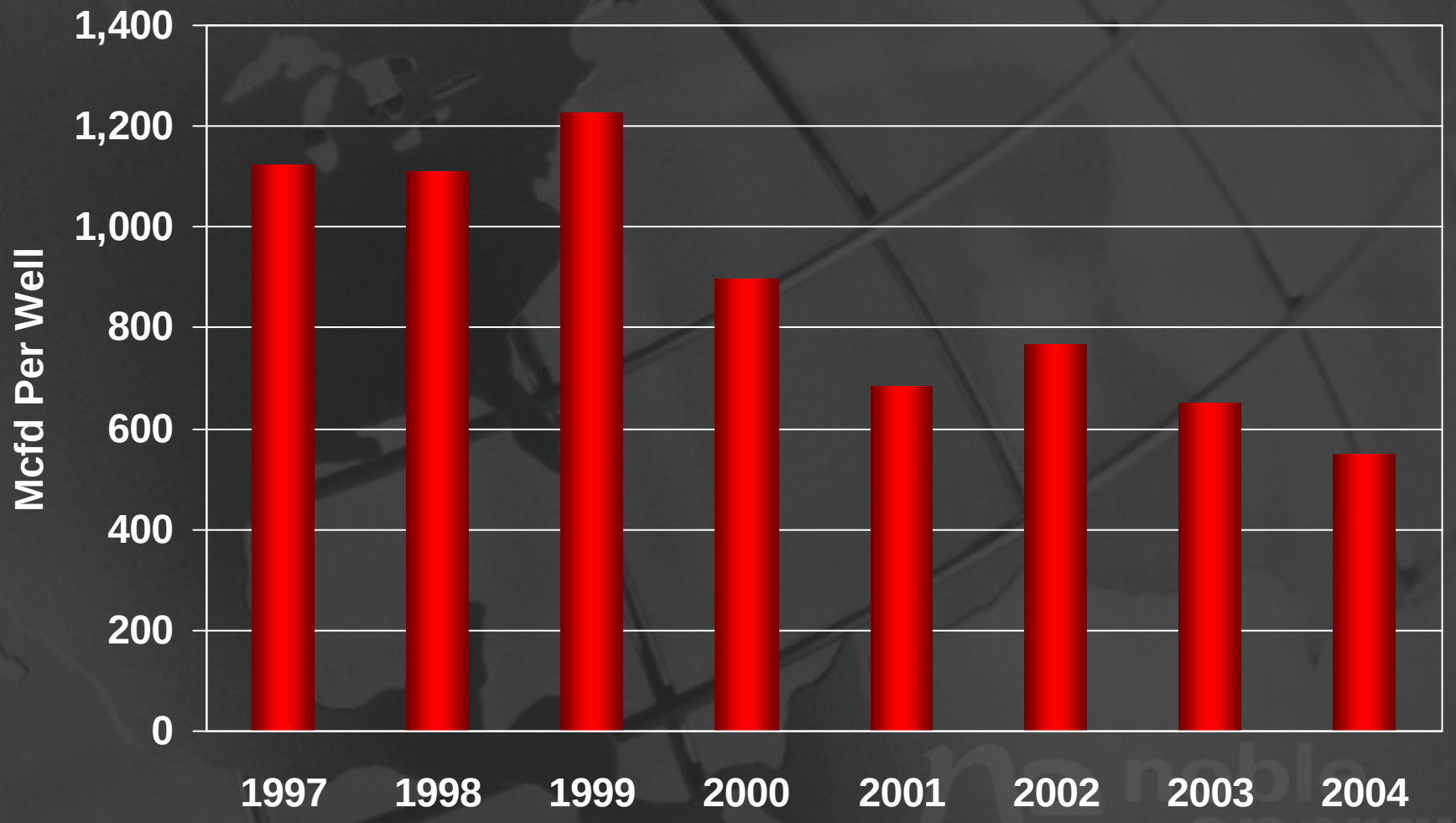
January 2006



Source: Baker Hughes

Productivity of New U.S. Gas Wells Falling

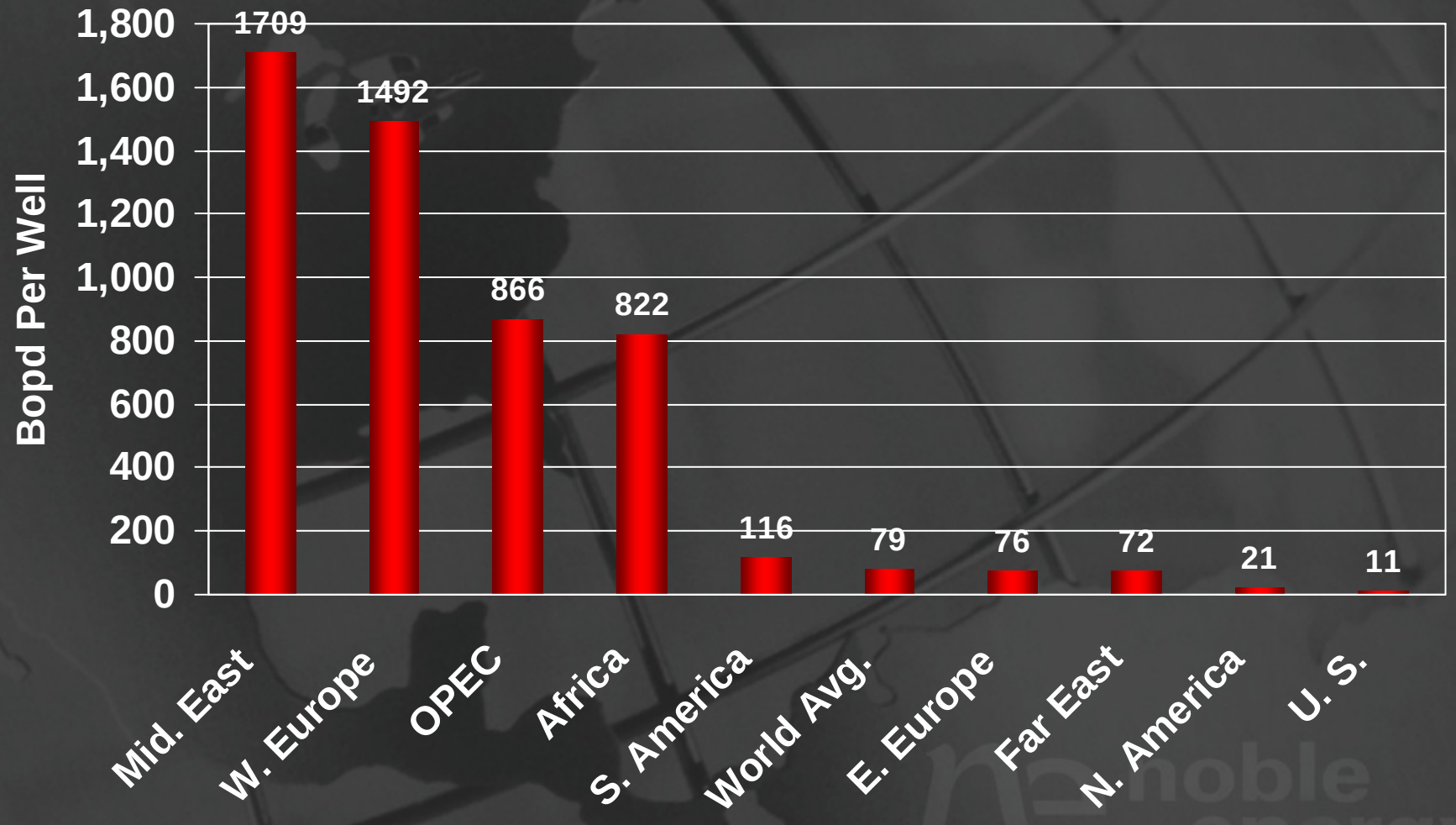
Peak Initial Rates For New Wells



Source: IPAA & EIA

U.S. Rapidly Maturing As An Oil Producer

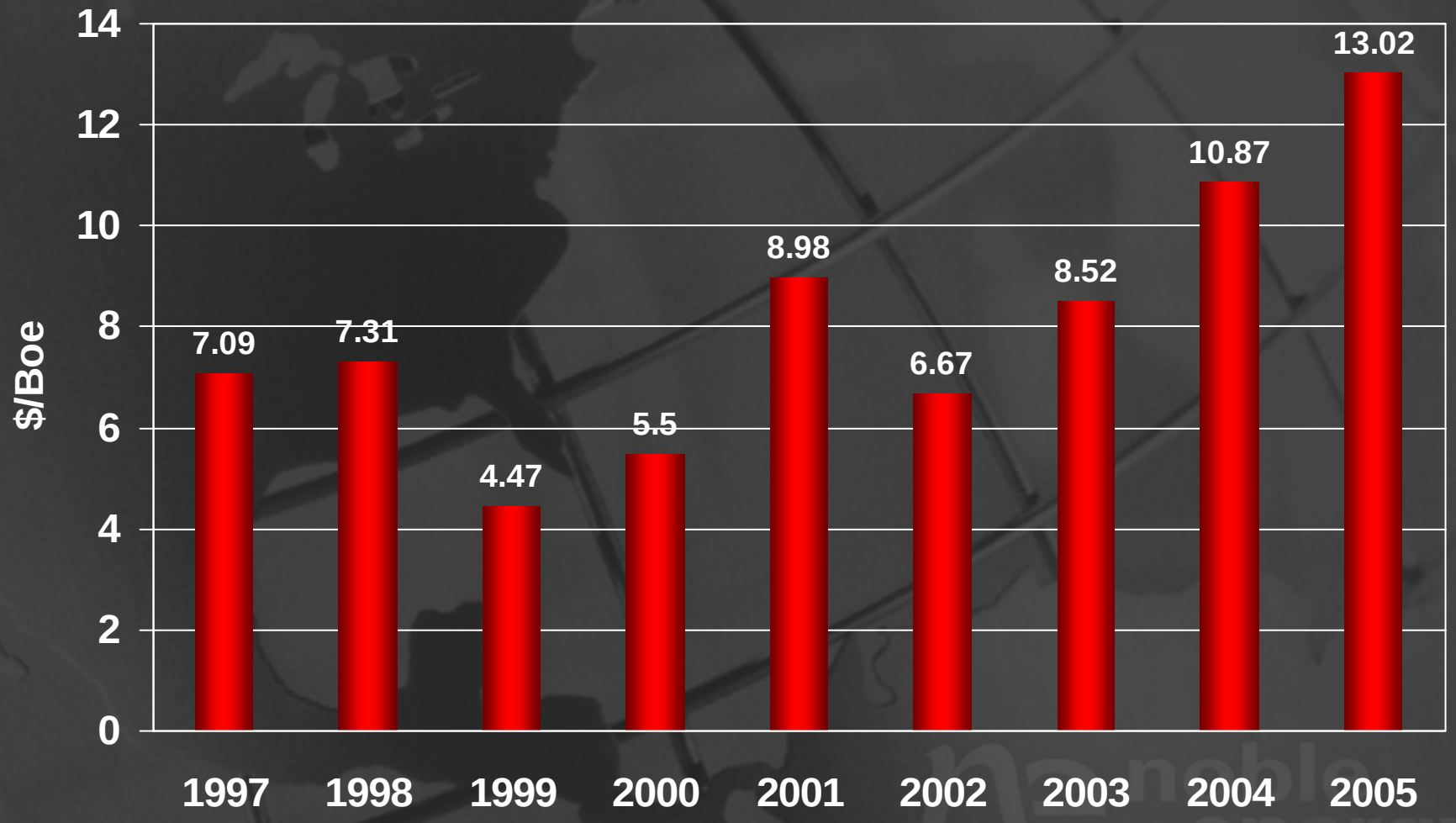
Average Daily Oil Production Per Well



Source: IPAA

Finding & Development Costs Rapidly Rising

Worldwide F&D Costs (Including Acquisitions) For E&P's

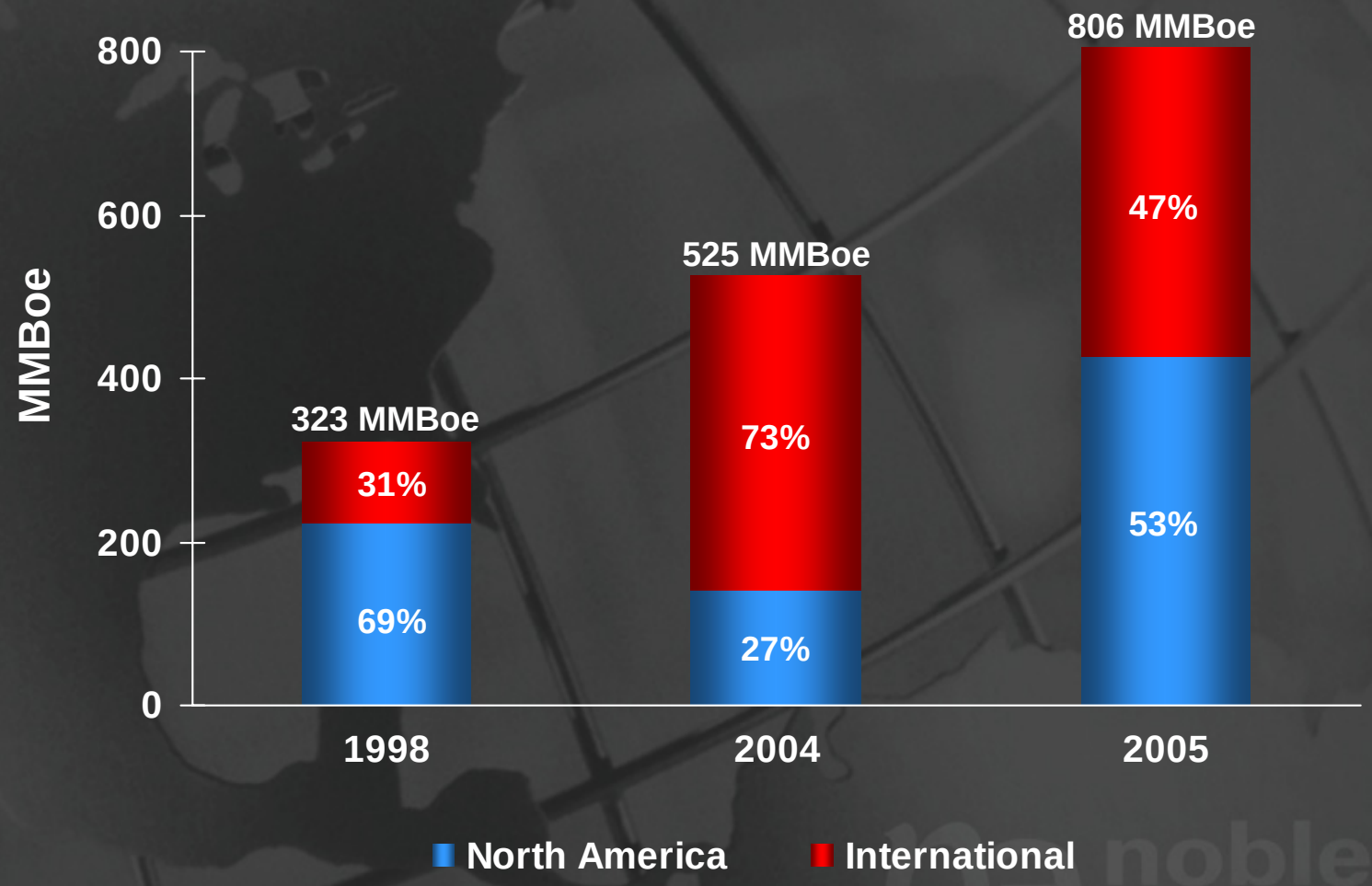


Source: Credit Suisse E&P Stat Sort (4/3/06) & Company Data

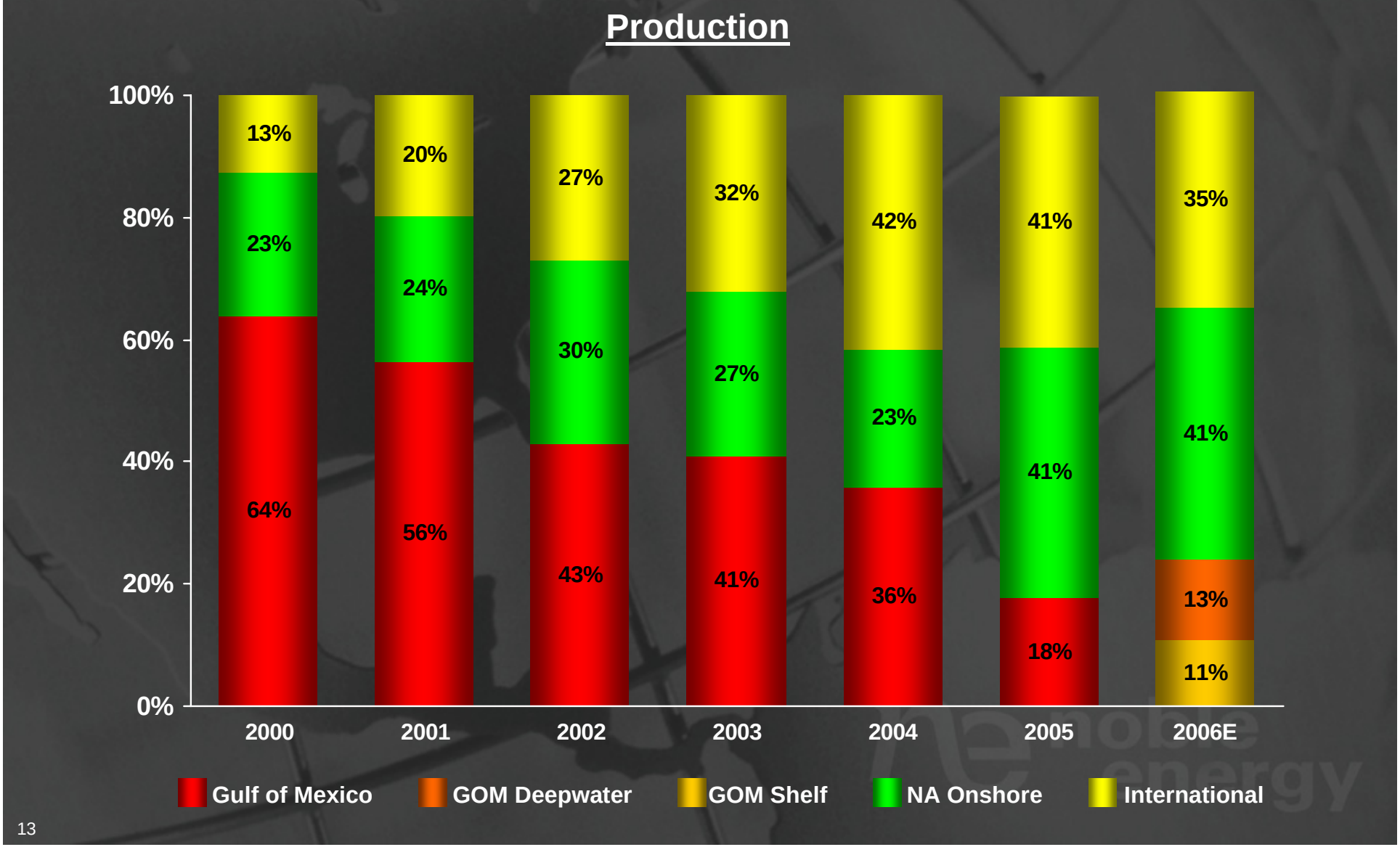
Noble Energy Strategies For The Current Environment

- **Drive Near-Term Production Growth Through Organic Project Execution**
- **Redirect Exploration Towards More Significant Resource Opportunities**
- **Reduce Exposure to Resource (Capital & Human) Draining Areas With Limited Growth Potential**
- **Leverage International Expertise & Relationships to Capture New Opportunities**
- **Retain a Differentially Positive Cost Structure**
- **Maintain a Price-Resilient Investment Program**
- **Retain a Very Strong Balance Sheet**

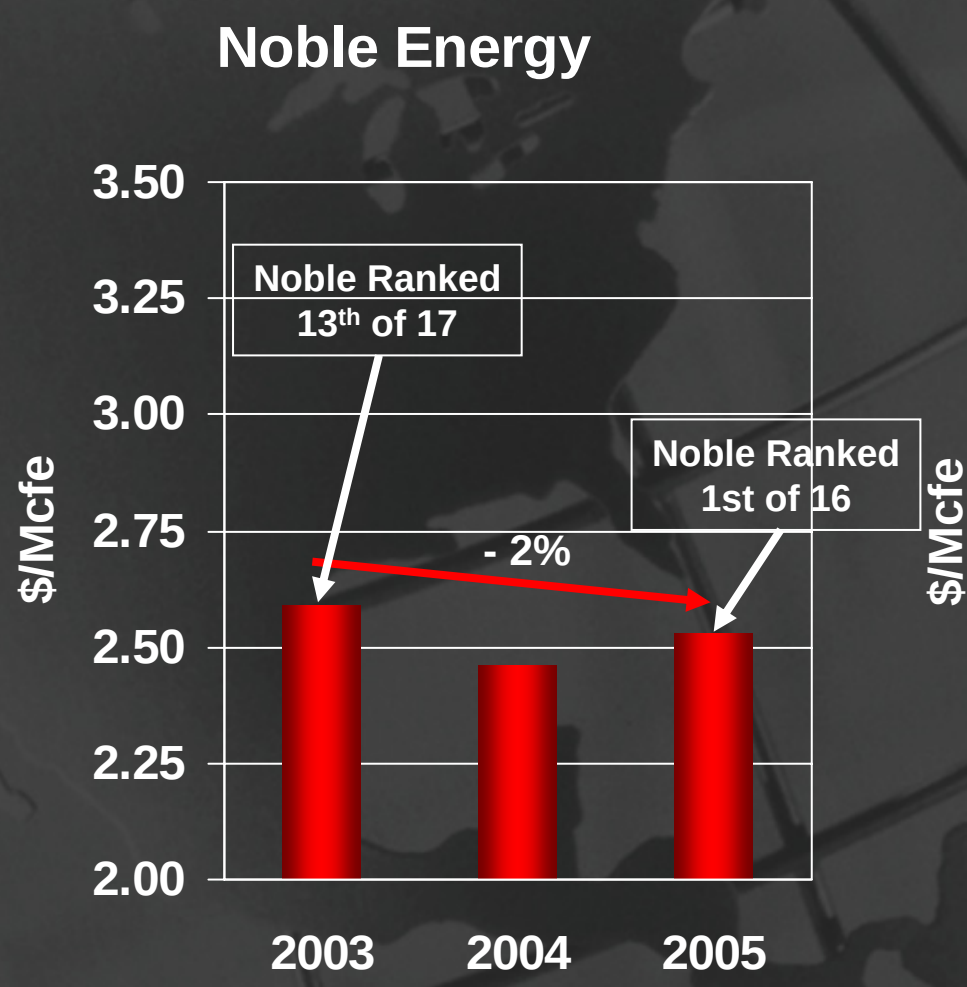
A Very Different Noble Energy
A More Balanced Reserve Base

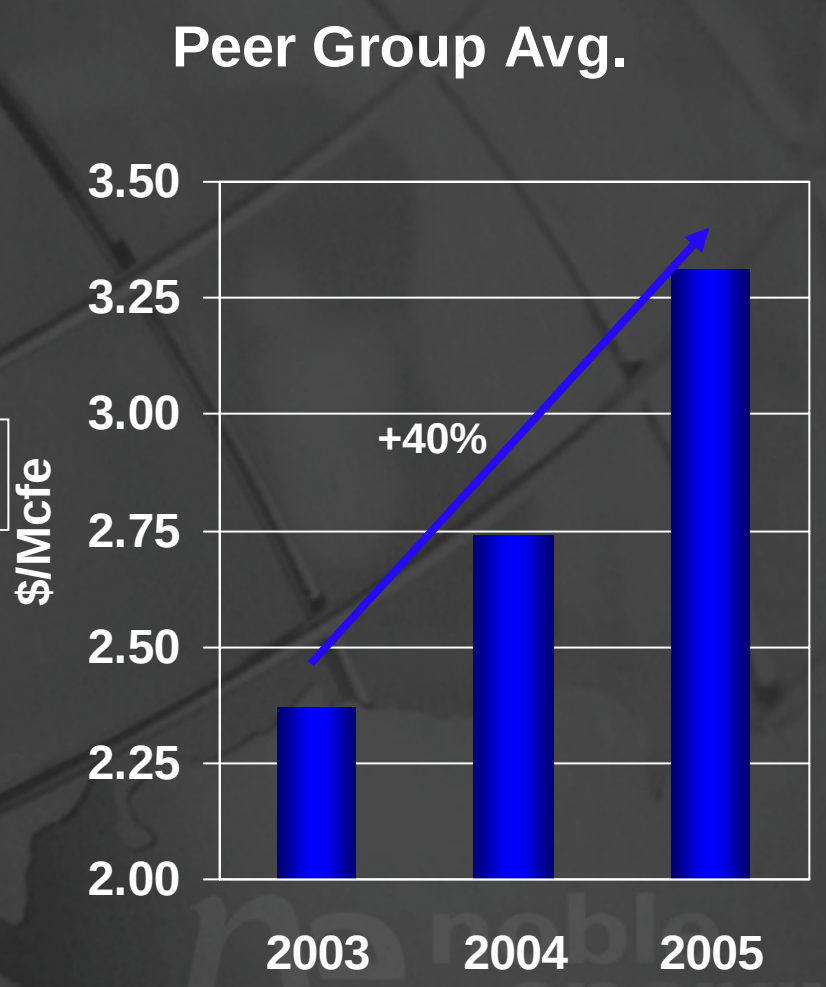


International and North America Positions Firmly Established



Industry Leading Unit Costs
Total Costs (Cash + DD&A)





Note: Total cost includes LOE, production tax, transportation, SG&A and DD&A.

Industry Leading Production Growth

North America Operations

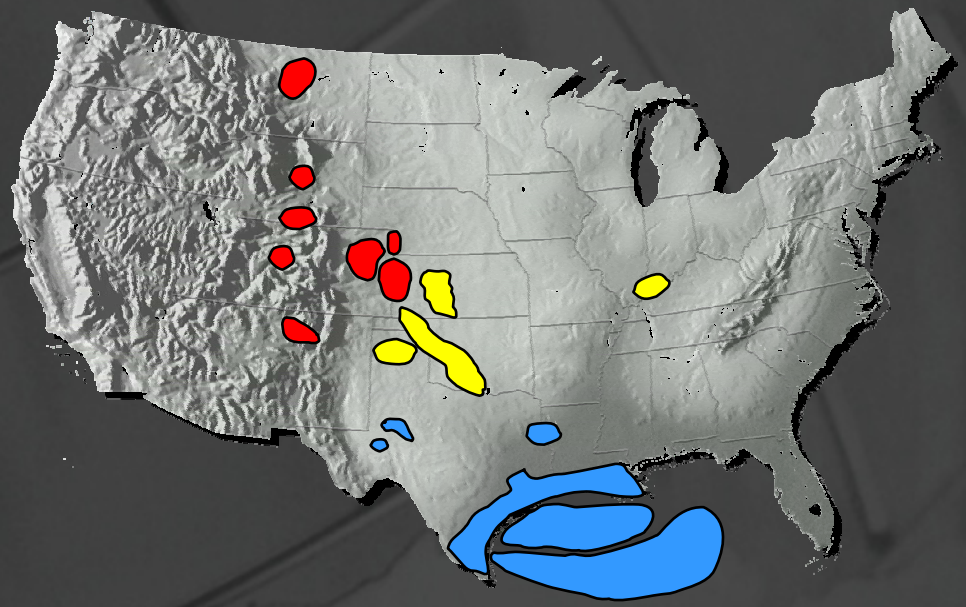
Rockies
- 50% of N.A. Proved Reserves
- 35% of N.A. Daily Production

Mid-continent
- 27% of N.A. Proved Reserves
- 20% of N.A. Daily Production

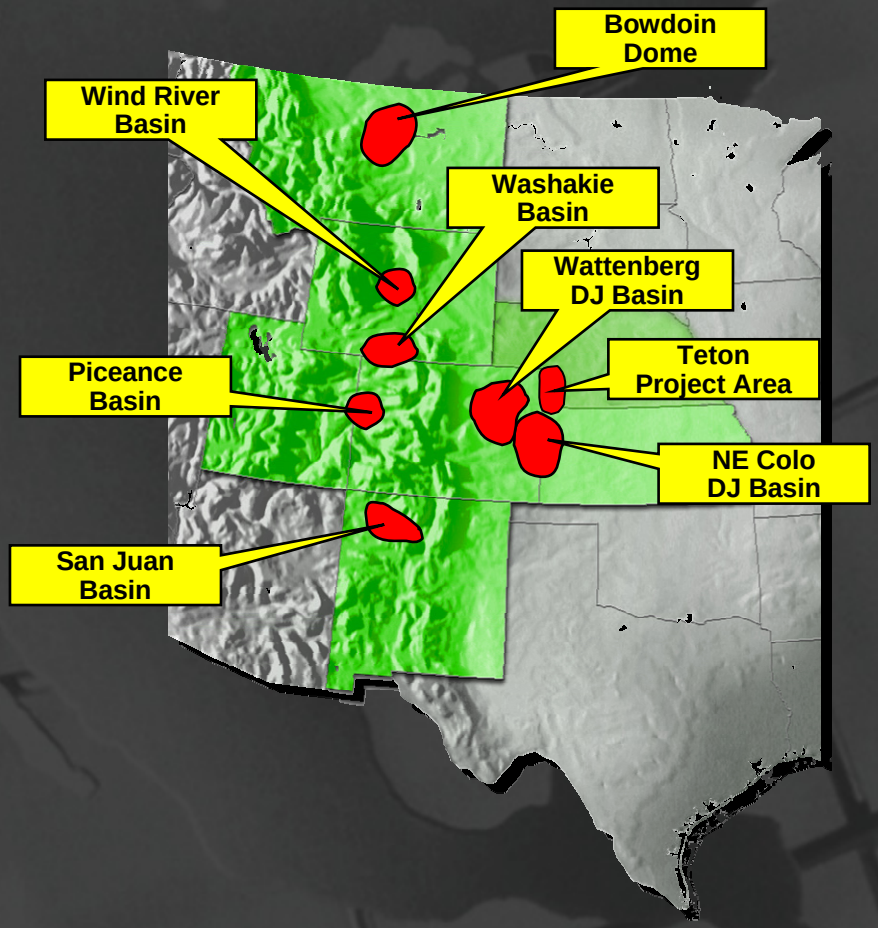
Southern
- 23% of N.A. Proved Reserves
- 45% of N.A. Daily Production

Net Acreage (12/31/05)

Onshore Developed	718,997
Offshore Developed	295,463
	1,014,460
Onshore Undeveloped	450,500
Offshore Undeveloped	504,718
	955,218



Rocky Mountain Region
2006 Activity Summary



- **Wattenberg**
  - **202 Well Drilling Program**
  - **703 Codell/Niobrara Recompletions, Refracs and Trifracs**
- **San Juan**
  - **18 Mesaverde/Dakota/Fruit.Coal Well Drilling Program**
  - **4 Recompletions**
- **Niobrara – 50 Well Drilling Program**
- **Bowdoin – 25 Well Drilling Program**
- **Piceance – 24 Well Drilling Program**
- **Iron Horse – 16 Drill Wells and 1 Recompletion**
- **Currently Operating 7 Drilling Rigs and 25 Completion Units**

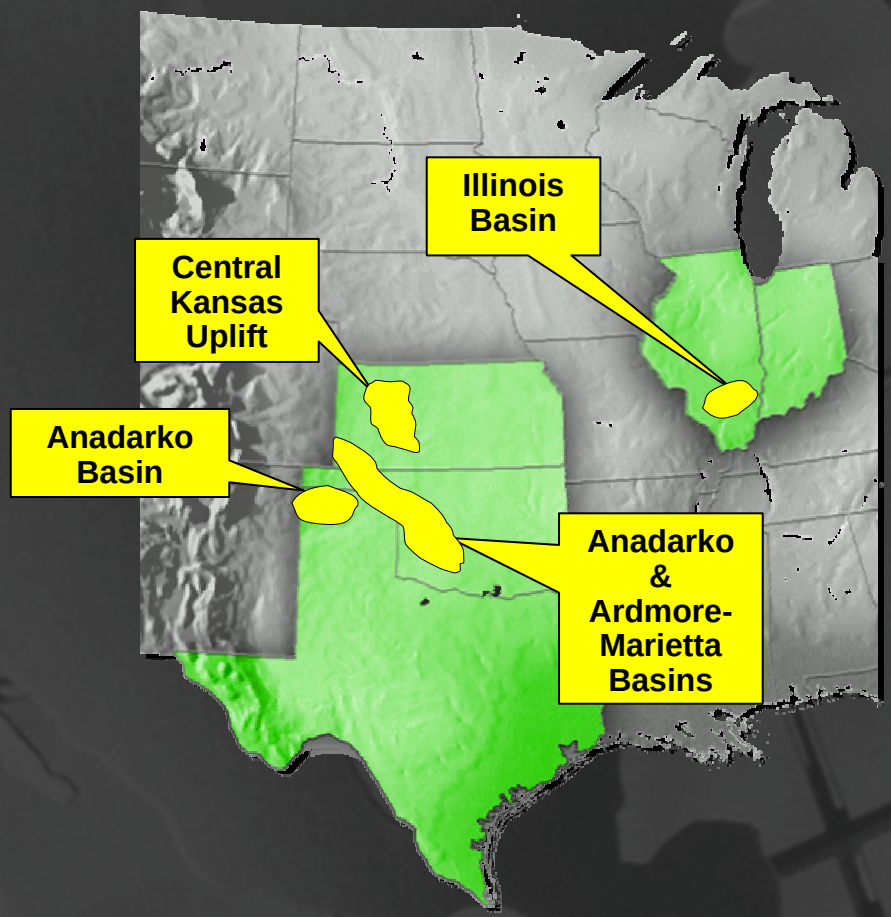
Rocky Mountain Region
Key Potential Resource Exposure

	Working Interest	Number of Potential Projects	Unrisked Net Potential Resources (Bcfe)
Wattenberg Codell Drilling	± 94%	2,800	450
Wattenberg Codell Refrac/Trifac	± 94%	3,000+	250
Wattenberg Niobrara Program	± 94%	4,500+	375
Piceance 10-acre Development	75 – 100%	700	500
Iron Horse 160-acre Development	± 55%	180	100
Bowdoin 80-acre Spacing	± 65%	900	75
Acreage Earnings Agreement (Teton)	± 75%	1,200	160
Additional Acquisitions/Expansions	–	–	–
Total		13,280	1,910

Proved Reserve Life [1]	14 Years
Potential Resource Life [1]	20 Years
Total [1]	34 Years

[1] Based on January 2006 production.

Mid-continent Region
2006 Activity Summary

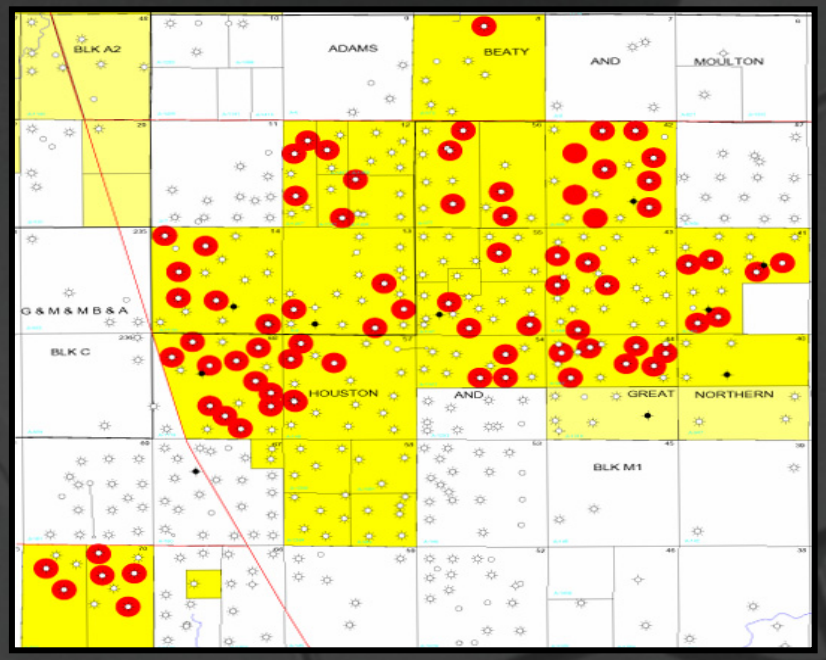


- Buffalo Wallow
  - 25 Forty-acre New Drills
  - 45 Twenty-acre New Drills
- Billy Rose – 12 Well Drilling Program
- Oklahoma – 83 Well Drilling Program
- Kansas – 30 Drill Wells and Polymer Program
- Illinois – 50 Well Drilling Program
- KS / IL / OK – 60 Recompletions
- Currently Operating 10 Drilling Rigs and 20 Completion / Workover Units

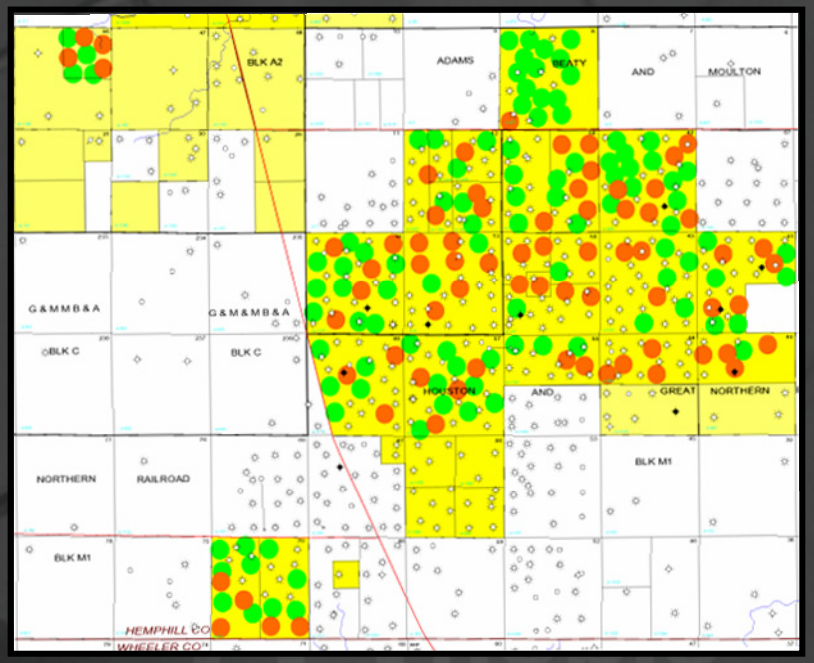
Buffalo Wallow Has Numerous Locations with Substantial Upside

- **Adding Centralized Compression to Increase Production**
- **Currently Operating Five Drilling Rigs**
- **Evaluating prospects in the Surrounding Areas**

Wells Drilled 2005



Current and Future Drilling



Wells Drilled 2005

Wells To Be Drilled 2006

Wells To Be Drilled 2007+

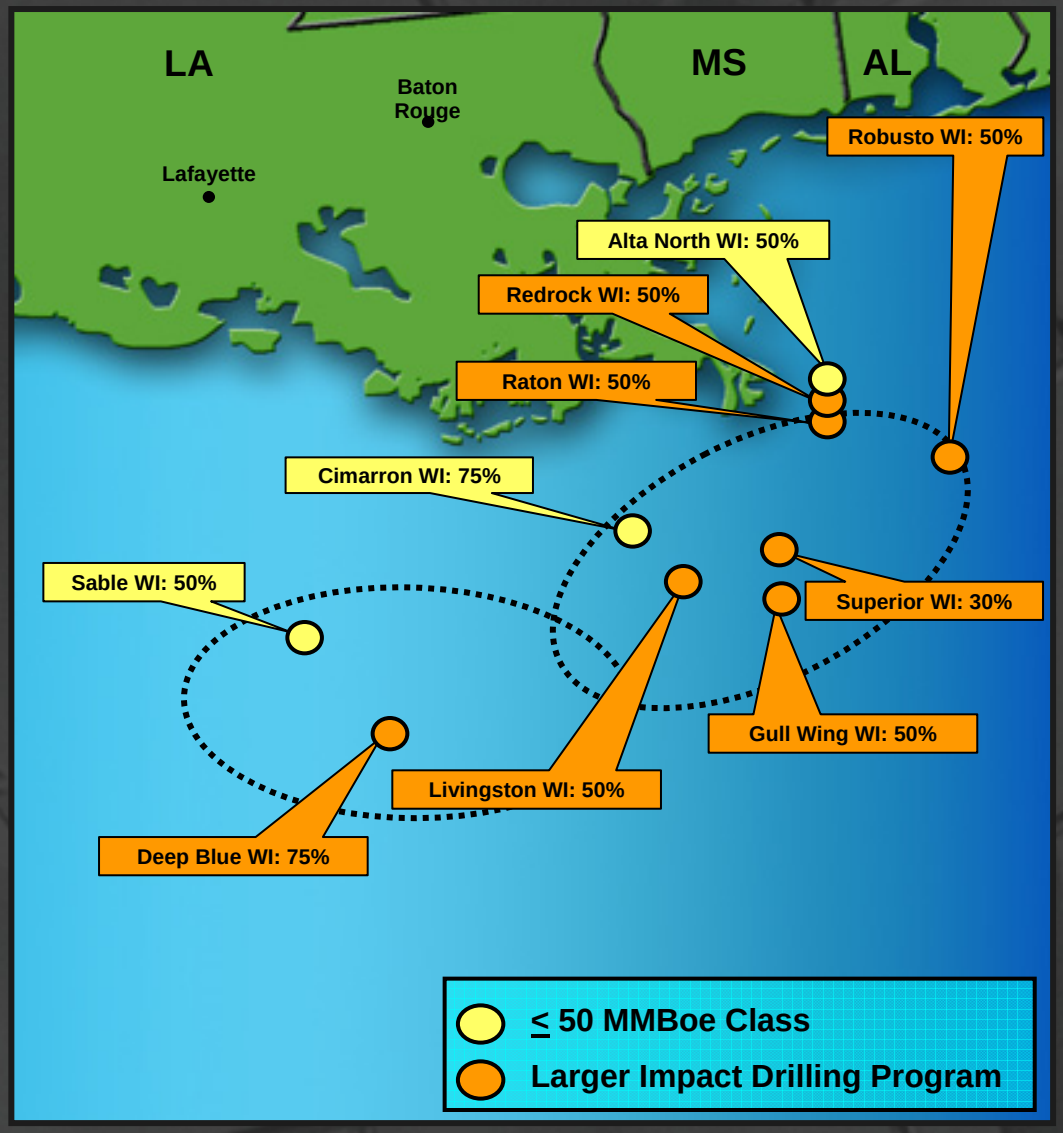
Mid-continent Region
Key Potential Resource Exposure

	Working Interest	Number of Potential Projects	Unrisked Net Potential Resources (Bcfe)
Buffalo Wallow 20-acre Development	± 90%	150	120
Billy Rose 80-acre Development	± 90%	85	100
Bayou Waterflood Expansion	84%	80	30
SW Davis Exploitation	62% – 86%	18	6
2006 E. MidCon Drilling Program	50% – 100%	130	15
Unconventional – 170,000 Acres	25% – 100%	–	–
Additional Acquisitions/Expansions	–	–	–
Total		463	271

Proved Reserve Life [1]	13 Years
Potential Resource Life [1]	5 Years
Total [1]	18 Years

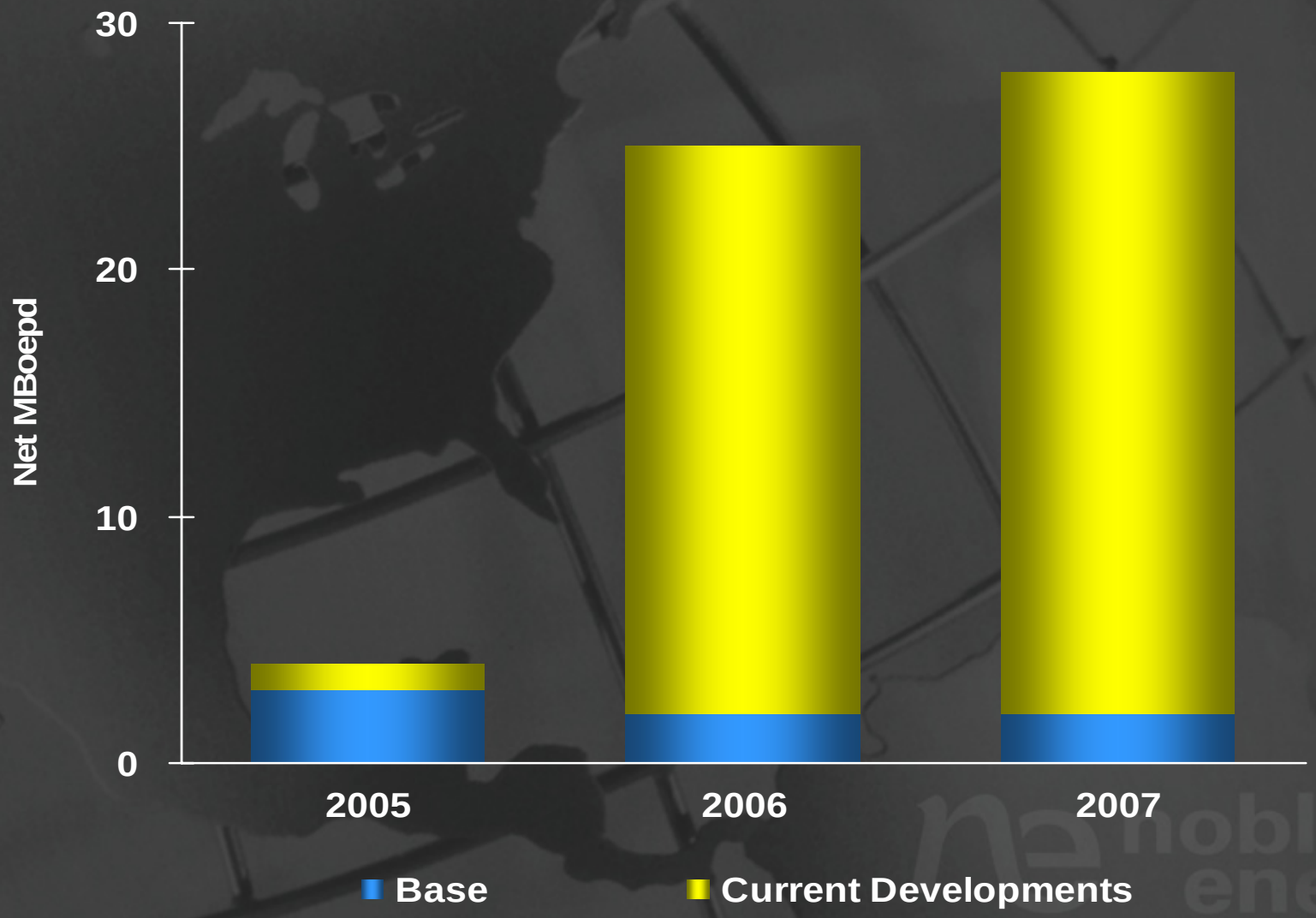
[1] Based on January 2006 production.

2006 – 2007 Deepwater Drilling Candidates



- Testing 3 – 4 Prospects in 2006
- Currently Drilling Redrock – Raton to Follow
- Samson JV Formed to Accelerate Inventory Growth

Deepwater Production Growing Rapidly



Southern Region
Key Potential Resource Inventory

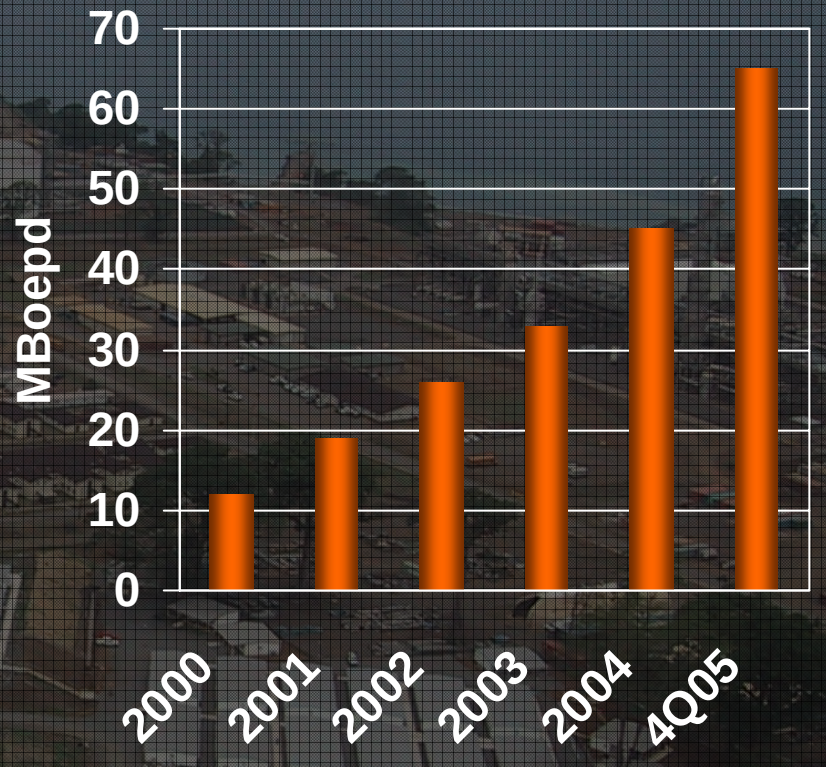
	Working Interest	Number of Potential Projects	Unrisked Net Potential Resources (MMBoe)
2006 Deepwater Exploration (P50)	33% – 50%	3 – 4	85 – 125
2006 Gulf Coast Exploration (P50)	± 57%	10	15
South Lake Arthur (P50)	54%	3	7
South Robertson Waterflood Expansion	59%	22	5
2007+ Exploration Program	–	–	–
Total		38 – 39	112 – 152

Proved Reserve Life [1]	6 Years
Potential Resource Life [1]	7 – 10 Years
Total [1]	13 – 16 Years

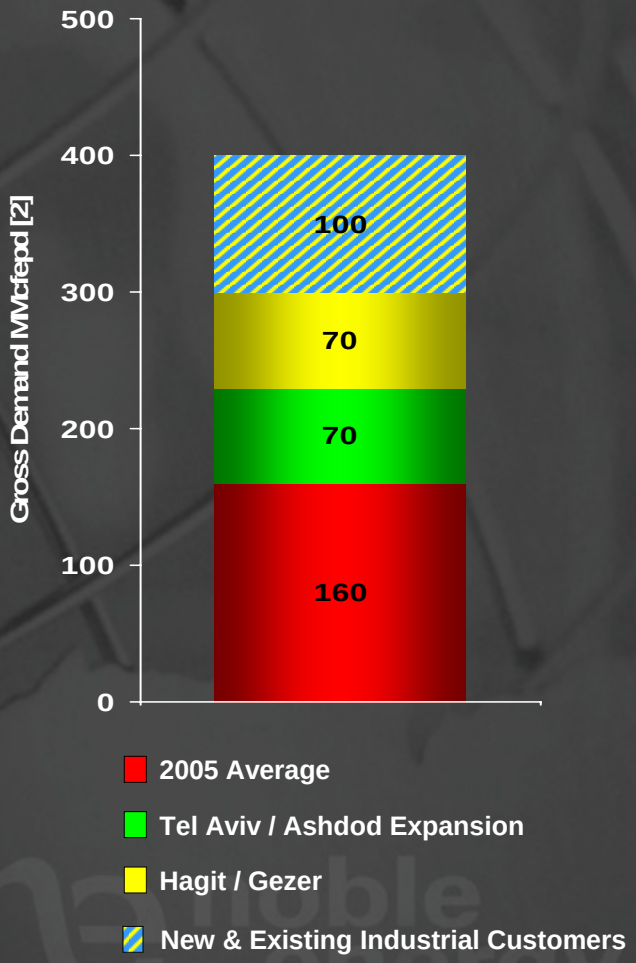
[1] Based on January 2006 production.

International
A Major Component of Noble Energy's Success

- **Five Major Projects Completed in Five Years**
  - **Legacy Positions**
  - **Long-Lived Assets**
- **$1.5 B Invested (5 Yrs.)**
- **Significantly Enhanced Value of Stranded Gas**
  - **Equatorial Guinea**
  - **Ecuador**
  - **Israel**
- **Leveraging Existing Positions & Into New Opportunities**



Natural Gas Demand Continues to Grow in Israel [1]



[1] NBL has a 47% working interest.

[2] Seasonal changes in demand will cause actual sales to vary.

Ecuador
Natural Gas to Power Project

Phase 1
Simple Cycle

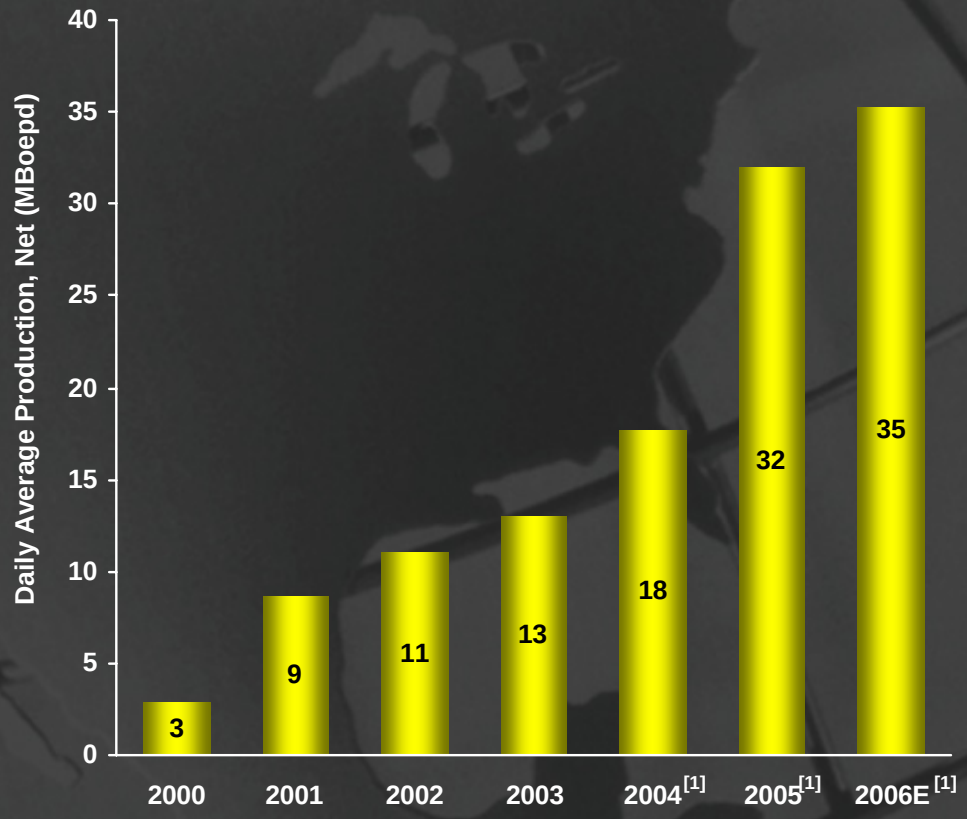
Phase 2
Combined Cycle

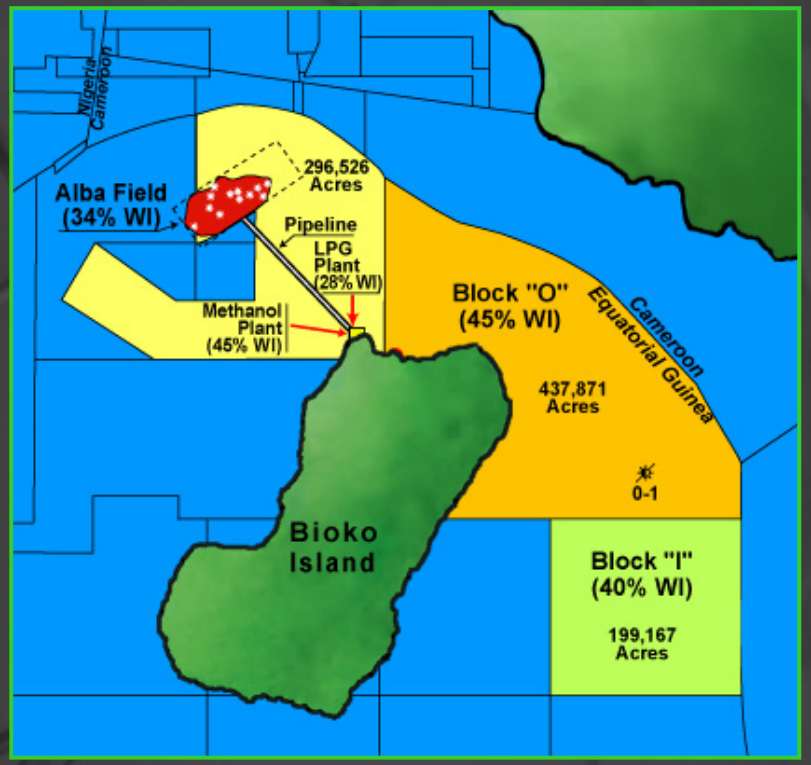
Phase 3
Third Turbine

- **130 MW Capacity**
- **Low Cost Thermal Generator**
- **Growing Power Market**
- **Potential For Expansion**
- **Stranded Gas Converted to Value**
  - **9.3 cents/Kwh**
  - **$3.83 Per Mcfe**

noble energy

Equatorial Guinea Continues to Grow



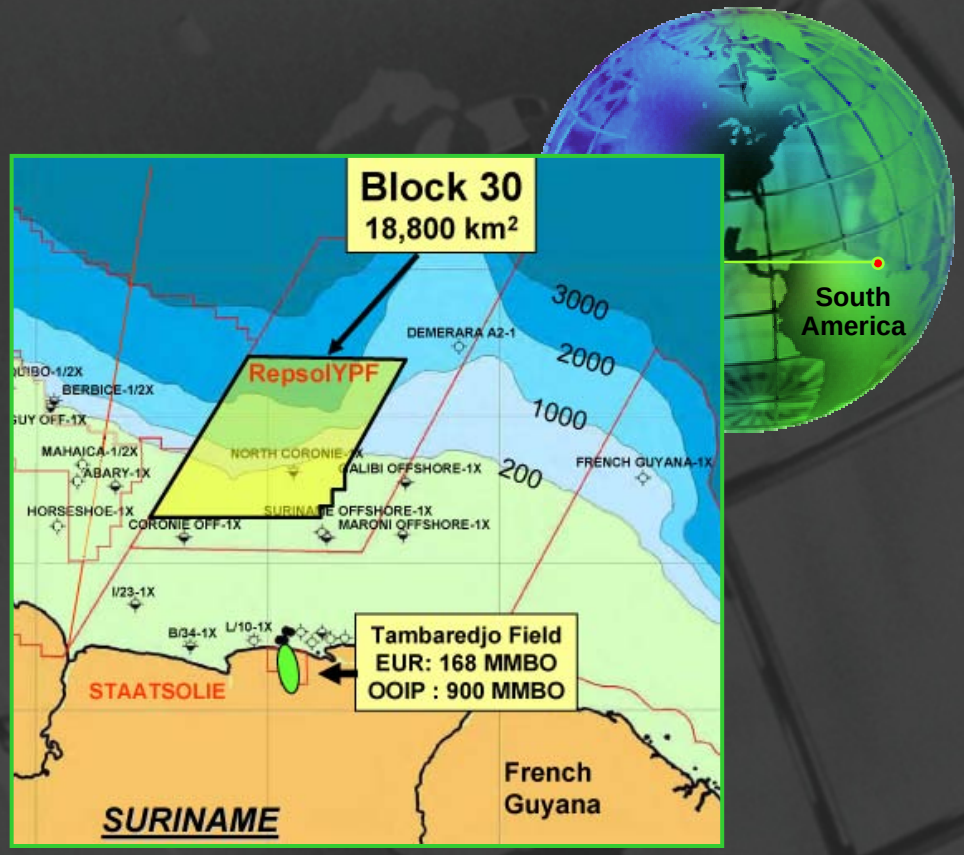


[1] Includes Phase 2B volumes.

Dumbarton Doubles North Sea Business

- **Initial Production 9,000 Boepd, Net**
- **13 MMBoe Reserves Added 2005**
- **GP III Allows for Accelerated Recovery**
- **75% of Volumes Hedged Through 2009 to Ensure Robust Returns**

Suriname
A New Exploration Project With Significant Potential



- **Participation Agreement Executed with Repsol (Operator)**
  - **Assignment Subject to JOA and Governmental Approvals**
- **NBL WI: 30% in Block 30 (4 MM Acres)**
- **Two-Thirds of Block Greater than 600’ Water Depth**
- **Seismic Program Commenced**
- **Unexplored Basin with Large Prospects**

Noble Energy
Re-positioned to be a Leader in Value Creation

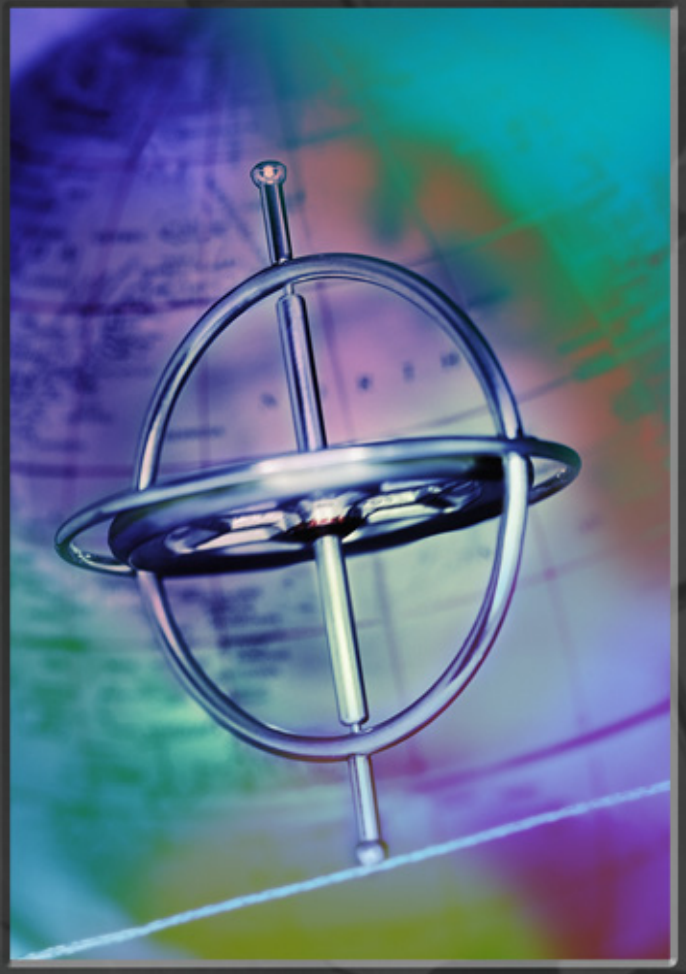
- **North America Growth Anchored with Multi-year Investments in Low-risk Resource Developments**
- **International Assets Provide Stable Platform for Continued Low-cost Growth**
- **Deepwater and International Exploration Provide Exposure to Substantial New Resources**
- **Structured for Superior Performance in Many Environments**

Forward-looking Statement

This presentation/communication may include projections and other "forward-looking statements" within the meaning of the federal securities laws. Any such projections or statements reflect Noble Energy's current views about future events and financial performance. No assurances can be given that such events or performance will occur as projected, and actual results may differ materially from those projected. Risks, uncertainties and assumptions that could cause actual results to differ materially from those projected include, without limitation, the volatility in commodity prices for crude oil and natural gas, the presence or recoverability of estimated reserves, the ability to replace reserves, environmental risks, drilling and operating risks, exploration and development risks, competition, government regulation or other action, the ability of management to execute its plans to meet its goals and other risks inherent in Noble Energy's business that are detailed in its Securities and Exchange Commission filings. In addition, in connection with the recent merger of Patina Oil & Gas Corporation into a subsidiary of Noble Energy, additional risks, uncertainties and assumptions include the possibility that problems may arise in successfully integrating the businesses of the two companies and the possibility that the combined company may be unable to achieve cost-cutting synergies. Noble Energy assumes no obligation and expressly disclaims any duty to update the information contained herein except as required by law.

This presentation also contains certain forward-looking non-GAAP measures of financial performance that management believes are good tools for internal use and the investment community in evaluating the company's overall financial performance. These non-GAAP measures are broadly used to value and compare companies in the crude oil and natural gas industry. This presentation contains forward-looking non-GAAP financial measures identified as discretionary cash flow and discretionary cash flow per share (utilizing current shares outstanding). The GAAP measure most comparable to discretionary cash flow is net cash provided by operating activities (net operating cash). Net operating cash is not accessible on a forward-looking basis and reconciling information is not available without unreasonable effort. The reconciling information that is unavailable would include a forward-looking balance sheet prepared in accordance with GAAP. The probable significance of having a forward-looking GAAP balance sheet is estimated to be a variance of plus or minus 10 percent of the forward-looking discretionary cash flow in this presentation.

For additional information – website www.nobleenergyinc.com



noble energy

PERFECTING THE SEARCH
AAPG Annual Convention
DELIVERING ON PROMISES